

***Terrebonne Parish Sales and Use Tax Department***

***Houma, Louisiana***

***For the year ended December 31, 2005***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-28-06

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**FINANCIAL SECTION**



Bourgeois Bennett

## **INDEPENDENT AUDITOR'S REPORT**

To the Sales and Use Tax Advisory Board,  
Terrebonne Parish Sales and Use Tax Department,  
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the general fund and the Statement of Fiduciary Fund of the Terrebonne Parish Sales and Use Tax Department (the Department), State of Louisiana, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2005, which collectively comprise the Department's financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Terrebonne Parish Sales and Use Tax Department as of December 31, 2005, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2006 on our consideration of the Terrebonne Parish Sales and Use Tax Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 2, 2006.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Terrebonne Parish Sales & Use Tax Department**

The Management's Discussion and Analysis of the Terrebonne Parish Sales & Use Tax Department's (the Department) financial performance presents a narrative overview and analysis of the Department's financial activities for the year ended December 31, 2005. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The Department's liabilities exceeded its assets at the close of fiscal year 2005 by \$4,355 (net assets (deficit)), which represents a 149% decrease from last fiscal year.

The Department is operated on a reimbursement basis with proceeds from the collection of Terrebonne Parish Sales Taxes. Differences between revenues and expenses result from the reimbursement of purchases of capital assets, depreciation of capital assets and changes in compensated absences payable. For the year December 31, 2005, revenues increased \$4,412 (or .58%) primarily due to increases in reimbursements for expenses. Expenses increased \$7,453 (or .97%) primarily due to an increase in contract sales tax auditor expenses.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Department's financial statements. The Department's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) financial statements (3) supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Department:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Department's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating. The statement of activities presents information showing how the Department's net assets changed during each fiscal year. All changes in net assets are reported as soon as the

underlying event giving rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activities of the Department are collecting local sales and use taxes, hotel/motel taxes, issuing occupational licenses and issuing local bingo permits.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department maintains two types of funds, governmental and fiduciary fund types.

#### ***Governmental Fund***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The Department adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found in pages 9 through 13 of this report.

#### ***Fiduciary Fund***

Fiduciary Funds are used to account for resources held for the benefit of parties outside the Department. While these funds represent a trust responsibility, these assets are restricted in purpose and do not represent assets of the Department. Therefore, these assets are not presented as part of the government-wide financial statements. The Statement of Fiduciary Fund can be found on page 14 of this report.



## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit G of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets reported in page 9 presents information on all the Department's assets and liabilities, with the difference between the two reported as net assets. As noted earlier, net assets may serve over time as a useful indicator of the Department's financial position. As of December 31, 2005, liabilities exceeded assets by \$4,355. The Department's net assets (deficit) reflect its investment in capital assets (e.g., office furniture, fixtures and equipment) less accumulated depreciation. Consequently, these net assets (deficit) are not available for future spending.

The liabilities associated with the Department are accounts payable and accrued expenditures. Various accounts payable and accrued expenditures include fees for contract auditors, payroll liabilities and other various expenses.

#### Condensed Statements of Net Assets

	December 31,		Dollar
	2005	2004	Change
Current and other assets	\$ 41,858	\$ 44,308	\$ (2,450)
Capital assets	23,028	33,777	(10,749)
Total assets	64,886	78,085	(13,199)
Long-term liabilities outstanding	27,383	24,818	2,565
Other liabilities	41,858	44,308	(2,450)
Total liabilities	69,241	69,126	115
Net Assets:			
Invested in capital assets	23,028	33,777	(10,749)
Unrestricted (deficit)	(27,383)	(24,818)	(2,565)
Total net assets (deficit)	\$ (4,355)	\$ 8,959	\$ (13,314)

### Governmental Activities

Governmental activities decrease the Department's net assets (deficit) by \$13,314. The primary cause for this is the unreimbursed adjustments to convert the fund financial statements to the Statement of Net Assets. Reimbursement for these costs occurs in the period the costs are paid.

### Condensed Changes in Net Assets

	December 31,		Dollar	Total
	2005	2004	Change	Percent
Revenues:				
Charges for services	\$ 756,524	\$ 743,666	\$ 12,858	1.73%
Licenses	8,800	9,600	(800)	-8.33%
Miscellaneous - other	314	7,960	(7,646)	-96.06%
Total revenues	765,638	761,226	4,412	0.58%
Expenses:				
General government	778,952	771,499	7,453	0.97%
Decrease in net assets	(13,314)	(10,273)	(3,041)	29.60%
Net assets				
beginning of year	8,959	19,232	(10,273)	-53.42%
Net assets (deficit) end of year	\$ (4,355)	\$ 8,959	\$ (13,314)	-148.61%

The Department's increase in revenue was based on the increase in expenses. The Department transfers sales and use tax proceeds from its Agency Fund to pay operating expenses of the Department.

On Exhibit C, the Department's expenses fall into five (5) categories: personal services; supplies and materials; other services and charges; repairs and maintenance; and depreciation. Of the five categories, personal services make up the majority of expenses. This category, which includes such expenses as salaries and related benefits, is responsible for \$391,220 or fifty percent (50%) of total expenses for the year ended December 31, 2005. Personal services expense decreased by \$8,000, compared to 2004, due the replacement of a retired employee with an employee at a lesser rate of pay. The next highest expense category is other services and charges, which include contract auditing fees, legal fees, insurance, machine rentals, office rent, telephone, and miscellaneous expenses. This category is responsible for \$322,116 or forty-one percent (41%) of total expenses for the year ended December 31, 2005. This expense category increased \$14,248 primarily because of additional charges for contract sales tax auditors. The remaining expenses include supplies and materials, repairs and maintenance and depreciation. These expenses accounted for eight percent (9%) of total expenses in the year ended December 31, 2005.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Department's financing requirements.

The General Fund is the chief operating fund of the Department. It is used to account for all financial resources except those that are required to be accounted for in another fund.

### **General Fund Budgetary Highlights**

The Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual (Exhibit E) for the General Fund displays the original budget, final budget and actual amounts in columns with a variance column showing the favorable or (unfavorable) difference of the actual and the final budget. There were no budget amendments during the year.

A favorable expenditure variance of \$146,567 was primarily due to using less contract sales tax auditors than planned and less increases of general liability insurance than planned. Since the Department is an expenditure driven entity with expenditures fully reimbursed, revenues report an unfavorable variance equal to that of expenditures.

### **CAPITAL ASSETS**

#### **Capital Assets**

The Department's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$23,028 (net of accumulated depreciation). This investment in capital assets includes office furniture, fixtures and equipment (see table below).

	<u>2005</u>	<u>2004</u>
Office furniture, fixtures and equipment	\$ 135,845	\$ 134,169
Less accumulated depreciation	<u>112,817</u>	<u>100,392</u>
Total capital assets, net	<u>\$ 23,028</u>	<u>\$ 33,777</u>

Additional information on the Department's capital assets can be found in the Note 3, Exhibit G of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Department considered the following factors and indicators when setting next year's budget. These factors and indicators include:

- Increase in salaries and related benefits, to reflect a 3% cost of living allowance.
- Slight increase in supplies and materials in anticipation of a rise in postage.
- Increase in office equipment to replace an outdated postage mailing system, computer and printer.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Michael S. Elfert, Director, Terrebonne Parish Sales Tax Department, P.O. Box 670, Houma, LA 70361.

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**

**Terrebonne Parish Sales and Use Tax Department**

December 31, 2005

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 41,858	\$ -	\$ 41,858
Capital assets:			
Depreciable, net of accumulated depreciation	<u>-</u>	<u>23,028</u>	<u>23,028</u>
Total assets	<u>\$ 41,858</u>	<u>23,028</u>	<u>64,886</u>
<b>Liabilities</b>			
Accounts payables and accrued expenditures	\$ 41,610	-	41,610
Due to Terrebonne Parish Consolidated Government	248	-	248
Long-term liabilities:			
Due in more than one year	<u>-</u>	<u>27,383</u>	<u>27,383</u>
Total liabilities	41,858	<u>27,383</u>	<u>69,241</u>
<b>Fund Balances/Net Assets</b>			
Fund balance - undesignated	<u>-</u>		
Total liabilities and fund balances	<u>\$ 41,858</u>		
<b>Net assets:</b>			
Invested in capital assets		23,028	23,028
Unrestricted (deficit)		<u>(27,383)</u>	<u>(27,383)</u>
Total net assets (deficit)		<u>\$ (4,355)</u>	<u>\$ (4,355)</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Terrebonne Parish Sales and Use Tax Department**

December 31, 2005

<b>Fund Balances - Governmental Fund</b>	<b>\$ -</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Governmental capital assets	\$ 135,845
Less accumulated depreciation	<u>(112,817)</u> 23,028
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.	
Compensated absences payable	<u>(27,383)</u>
<b>Net Assets (deficit) of Governmental Activities</b>	<b><u>\$ (4,355)</u></b>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Charges for services	\$ 756,524		\$ 756,524
Licenses	8,800		8,800
Miscellaneous - other	314		314
	<u>765,638</u>		<u>765,638</u>
<b>Total revenues</b>			
	<u>765,638</u>		<u>765,638</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Personal services	388,655	\$ 2,565	391,220
Supplies and materials	43,693	-	43,693
Other services and charges	322,116	-	322,116
Repairs and maintenance	9,498	-	9,498
Depreciation	-	12,425	12,425
	<u>763,962</u>	<u>14,990</u>	<u>778,952</u>
<b>Total general government</b>			
	<u>763,962</u>	<u>14,990</u>	<u>778,952</u>
Capital outlay	1,676	(1,676)	-
	<u>1,676</u>	<u>(1,676)</u>	<u>-</u>
<b>Total expenditures/expenses</b>			
	<u>765,638</u>	<u>13,314</u>	<u>778,952</u>
<b>Excess of Revenues Over Expenditures</b>	-	-	-
<b>Change in Net Assets</b>	-	(13,314)	(13,314)
<b>Fund Balance/Net Assets</b>			
Beginning of year	-	8,959	8,959
	<u>-</u>	<u>8,959</u>	<u>8,959</u>
End of year	\$ -	\$ (4,355)	\$ (4,355)
	<u>\$ -</u>	<u>\$ (4,355)</u>	<u>\$ (4,355)</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

<b>Net Change in Fund Balance - Governmental Fund</b>	<b>\$ -</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimatee useful lives and reported as depreciation expense.	
Capital Outlay	1,676
Depreciation expense	<u>(12,425)</u>
Excess of Capital Outlay over depreciation expense	(10,749)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund.	
Increase in compensated absences payable	<u>(2,565)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ (13,314)</u></b>

See notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
Charges for services	\$ 902,255	\$ 902,255	\$ 756,524	\$ (145,731)
Licenses	9,200	9,200	8,800	(400)
Miscellaneous - other	750	750	314	(436)
<b>Total revenues</b>	<b>912,205</b>	<b>912,205</b>	<b>765,638</b>	<b>(146,567)</b>
<b>Expenditures</b>				
Current:				
General government:				
Personal services	437,745	437,745	388,655	49,090
Supplies and materials	51,000	51,000	43,693	7,307
Other services and charges	409,660	409,660	322,116	87,544
Repairs and maintenance	9,800	9,800	9,498	302
Capital outlay	4,000	4,000	1,676	2,324
<b>Total expenditures</b>	<b>912,205</b>	<b>912,205</b>	<b>765,638</b>	<b>146,567</b>
<b>Excess of Revenues Over</b>				
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to financial statements.

**STATEMENT OF FIDUCIARY FUND****Terrebonne Parish Sales and Use Tax Department**

December 31, 2005

	<u>Agency Fund</u>
<b>Assets</b>	
Cash	\$ 9,172,337
Taxes receivable	11,409,444
Due from other governmental units	<u>44</u>
Total assets	<u>\$ 20,581,825</u>
<b>Liabilities</b>	
Accounts payables and accrued expenditures	\$ 3,318
Taxes paid under protest and interest	276,701
Due to other governmental units:	
Terrebonne Parish School Board	9,168,490
Terrebonne Parish Consolidated Government	6,604,008
Terrebonne Parish Consolidated Government - Library	1,100,219
Terrebonne Parish Consolidated Government - Levee District	1,098,361
Terrebonne Parish Sheriff	2,200,437
Houma Area Convention & Visitors Bureau	<u>130,291</u>
Total liabilities	<u>\$ 20,581,825</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Sales and Use Tax Department**

December 31, 2005

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Terrebonne Parish Sales and Use Tax Department was created October 14, 1964, in compliance with Act 500 of 1964, of the State of Louisiana. The Sales and Use Tax Department administers the collection and distribution of the approved 4.50% sales tax, hotel/motel tax, occupational licenses and bingo permits.

Tax collections, after deducting operating expenses, are distributed in the month following receipt. The first levy of 1% made in 1964 is divided between the Terrebonne Parish School Board, which receives 33%, and the Terrebonne Parish Consolidated Government, which receives 67%. There were two levies made for a total 1% in 1976 which the Terrebonne Parish School Board receives 75%, and the Terrebonne Parish Consolidated Government receives 25%. The 1/4% levy effective January 1, 1987 is remitted to the Terrebonne Parish Law Enforcement District. The two 1/4% levies effective January 1, 1993 are remitted to the Terrebonne Parish Consolidated Government with 1/4% dedicated to Drainage and 1/4% dedicated to Roads and Bridges. The 1% levy effective July 1, 1996 is remitted to the Terrebonne Parish School Board. The 1/4% levy effective October 1, 1997 is remitted to the Terrebonne Parish Law Enforcement District. The 1/4% levy effective July 1, 1998 is remitted to the Terrebonne Parish Consolidated Government which is dedicated to the Library System. The 1/4% levy effective July 1, 2002 is remitted to the Terrebonne Parish Consolidated Government, which is dedicated to be used as matching funds for the Terrebonne Levee and Conservation District's Morganza-to-the-Gulf Project. The Hotel/ Motel tax of 4% is remitted solely to the Houma Area Convention and Visitors Bureau.

The accounting policies of the Terrebonne Parish Sales and Use Tax Department (the Department) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Reporting Entity**

The Department is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2005.

The Department has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**b) Basis of Presentation**

The Department's financial statements consist of the government-wide statements on all of the non-fiduciary activities of the Department and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Department. The government-wide presentation focuses primarily on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities of the Department generally are financed through intergovernmental revenues reported as charges for services.

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the Department continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the Department are grouped, into generic fund types and two broad categories as follows:

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (continued)**

Governmental Activities presented as Governmental Funds in the fund financial statements:

**General Fund** - The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Fiduciary Fund:

**Agency Fund** - This fund is used to account for assets that the Department holds for others in an agency capacity. Since by definition these assets are being held for the benefit of others and cannot be used to address activities or obligations of the Department, this fund is not incorporated into the governmental-wide statements.

**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (continued)**

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Charges for services of collection and distribution of sales taxes are considered "measurable" when the related sales taxes are in the hands of the merchants and are recognized as revenue at that time. Licenses and miscellaneous revenues are recorded as revenues when received in cash by the Department because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is accumulated unpaid vacation and sick pay which is recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

Agency Funds are unlike all other types of funds, reporting only assets and liabilities. Therefore agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e) Operating Budgetary Data**

The Department establishes the budgetary data reflected in the financial statements as follows:

The Director submits to the members of the Sales and Use Tax Advisory Board a proposed operating budget for the year commencing the following January 1. The public hearings and advertisements, which are required by state law, are conducted

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data (continued)**

prior to approval by the Advisory Board. The budget is then submitted to the Parish Council. All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress. Any amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Advisory Board. The Department did not amend its budget during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The budget for the General Fund is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

**f) Accounts Receivable**

The financial statements of the Department contain no allowance for uncollectible accounts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the funds.

**g) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Capital Assets (continued)**

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives of assets (furniture and fixtures) are 5 years.

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**h) Non-Current Liabilities**

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. Non-current liabilities consist of accrued compensated absences: vacation and sick leave.

**Fund Financial Statements:**

Non-current liabilities for governmental funds are not reported as liabilities in the fund financial statements.

**i) Vacation and Sick Leave**

Employees of the Department can earn twelve or seventeen days per year vacation leave, depending on their length of employment.

All employees are required to take vacation within one year of being earned. Any unused vacation remaining on the employee's anniversary date will be transferred to sick leave. In the event the employee is terminated or resigns, all vacation leave not transferred to sick leave will be paid to them.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Vacation and Sick Leave (continued)**

Employees of the Department earn seven days sick leave per year. Upon official retirement from the Parochial Retirement System the retiring employee will be allowed to receive half of whatever accumulated sick leave time has accrued, up to a maximum of 30 days, by leaving work early and remaining on the payroll until the 30 days are exhausted.

The liability for vacation and sick leave is recorded as a non-current liability in the government-wide statements. In the fund financial statements, governmental funds report only the vacation and sick leave liability payable from expendable available financial resources, accordingly no significant compensated absences liability is recorded at December 31, 2005.

**j) Fund Equity**

Government-wide Statements:

Equity is classified as net assets and may be displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At December 31, 2005 the District did not report any borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Department’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2005 and for the year then ended, the Department did not have or receive restricted net assets.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Fund Equity (continued)**

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**k) New Accounting Pronouncements**

The department adopted GASB Statement No. 40, Deposit and Investment Risks Disclosures, an amendment of GASB Statement No. 3. Statement No. 40 addresses disclosure of common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency, such disclosures are included in Note 2. Adoption of Statement No. 40 does not affect the Department's financial position or results of operations.

The department adopted GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. Statement No. 42 establishes accounting requirements for insurance recoveries. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Adoption of Statement No. 42 does not materially affect the Department's financial position or results of operations.

**Note 2 - DEPOSITS**

The Department adopted Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risks Disclosures, an amendment of GASB Statement No. 3, in the current year.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper or domestic corporations.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**Note 2 - DEPOSITS (Continued)**

The year end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$9,246,894</u>	<u>\$9,214,195</u>

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. The Department has a written policy for custodial credit risk. As of December 31, 2005, \$9,146,894 of the Department's bank balance of \$9,246,894 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Department's name.

At December 31, 2005, cash in excess of the FDIC insurance was collateralized by securities held by an unaffiliated bank for the account of the Department. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits as shown on the Statement of Net Assets and Governmental Fund Balance Sheet is as follows:

Book balance	\$9,214,195
Less cash reported in the Statement of Fiduciary Fund	<u>(9,172,337)</u>
Cash - Statement of Net Assets and Governmental Fund Balance Sheet	<u>\$ 41,858</u>

**Note 3 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance January 1, 2005	Additions	Balance December 31, 2005
Capital assets being depreciated:			
Office furniture, fixtures and equipment	\$ 134,169	\$ 1,676	\$ 135,845
Less accumulated depreciation for:			
Office furniture, fixtures and equipment	(100,392)	(12,425)	(112,817)
Total capital assets, net	<u>\$ 33,777</u>	<u>\$ (10,749)</u>	<u>\$ 23,028</u>

**Note 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2005 consisted of the following:

	General Fund	Agency Fund	Total
Vendors	\$ 26,705	\$ -	\$ 26,705
Salaries and benefits	14,905	-	14,905
Other	-	3,318	3,318
Totals	<u>\$ 41,610</u>	<u>\$ 3,318</u>	<u>\$ 44,928</u>

**Note 5 - NON-CURRENT LIABILITIES**

Non-current liabilities consist of accumulated unpaid vacation and sick leave. The following is a summary of changes in the non-current liabilities of the Department for the year ended December 31, 2005:

Non-current liabilities, January 1, 2005	\$24,818
Unpaid vacation and sick leave earned	20,057
Unpaid vacation and sick leave used	<u>(17,492)</u>
Non-current liabilities, December 31, 2005	<u>\$ 27,383</u>

**Note 6 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The Department contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan.

The system is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

**Funding Policy** - Plan members are required to contribute 3% of their annual covered salary and the Department is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Department are established and may be amended by state statute. The Department's contributions to the System for the years ending December 31, 2005, 2004 and 2003 were \$13,966, \$12,991 and \$8,629, respectively, equal to the required contributions for each year.

**Note 7 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS**

The Department provided for the payment of hospitalization and life insurance premiums for two retired employees as approved by the Terrebonne Parish Council. For employees retiring before January 1, 2005 the department funded the premiums for employees retiring with at least ten years of service upon retiring from the formal retirement systems and will participate in the cost at the applicable single rates. All employees retiring on or after January 1, 2005 having at least ten years of permanent, full-time creditable service with the Department shall be eligible to continue participation in group insurance coverage. Upon retirement, the Department shall pay for premiums under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 3.75% per year; and 21 to 30 years of service, 5% per year, limited to 85% of the premium. The Parish will pay the greater of 85% of the group insurance premium or the maximum percentage of premium paid for active employees. In no event shall the Parish be obligated to pay a greater percentage of the group insurance premium for a retiree than the Parish pays for an active employee. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The Department's portion of the postretirement benefit is funded on a pay-as-you-go basis. The cost of providing these benefits is recognized as an expenditure in the General Fund as premiums are paid. For the year ended December 31, 2005, this cost was approximately \$15,572.

Future liabilities under the Department's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At December 31, 2005, the average hospitalization and life insurance costs per retired employee was approximately \$650 per month.

**Note 8 - COMPENSATION OF ADVISORY BOARD**

The Department did not pay per diem to any of its Board Members in 2005.

**Note 9- RELATED PARTY RENTS AND FEES**

The building housing the Department's office space is owned by the Parish. The lease term is March 1, 2003 to March 1, 2006. Beginning in March of 2006, the department is leasing the property on a month to month basis.

The minimum annual commitments under cancelable operating leases amount to \$2,425, through March 1, 2006.

Rental expenditures incurred for the office space with the Parish amounted to \$29,100 during the year ended December 31, 2005. Also, the Department incurred data processing fees with the Parish in the amount of \$11,352 for the year ended December 31, 2005.

**Note 10 -RISK MANAGEMENT**

The Department is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Department carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation and group insurance. No settlements were made during the year that exceeded the Department's insurance coverage. The Department pays monthly premiums to the Parish for general liability based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the Department for which it has insurance coverage under the Parish.

The Department could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	6,500,000
Workers' Compensation	Statutory

The Parish is self-insured for the first \$125,000 of each claim related to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2004 was \$12,725,275. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$2,826,924 at December 31, 2004, then secondly by the Department or the employee for individual claims in excess of \$1,000,000. Coverage for general liability and workers' compensation claim liabilities are to be funded first by assets of the Parish's risk management internal service fund, \$3,603,543 at December 31, 2004, then secondly by the Department. At December 31, 2005 the Department had no claims in excess of the above coverage limits. Total premiums paid to the Parish for insurance coverages during the year ended December 31, 2005 totaled \$101,681.

**Note 11 - COMMITMENTS AND CONTINGENCIES**

Certain taxpayers request refunds of tax and interest paid under protest. The aggregate of taxes and interest paid under protest at December 31, 2005 amounted to \$276,688. The amounts paid under protest are reported as liabilities in the Department's financial statements at December 31, 2005. Any portion or all of the amounts paid under protest which are ultimately upheld to have been collected in accordance with the law will be recognized as revenue in the period the claim has been settled.

Management believes settlement of the above matter will not have any effect on the operations of the Department, but rather will be passed through to the taxing bodies described in Note 1.



## **SUPPLEMENTARY INFORMATION SECTION**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

To the Sales and Use Tax Advisory Board,  
Terrebonne Parish Sales and Use Tax Department,  
Houma, Louisiana.

Our report on our audit of the financial statements of Terrebonne Parish Sales and Use Tax Department (the Department) for the year ended December 31, 2005, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of other services and charges, schedule of cash receipts and disbursements Parish Sales Tax Fund, schedule of governmental fund expenditures and graph of governmental fund expenditures for the year ended December 31, 2005 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements for the year ended December 31, 2005, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the governmental balance sheets of Terrebonne Parish Sales and Use Tax Department as of December 31, 2004, 2003, 2002 and 2001, and the related statements of revenues, expenditures and changes in fund balance for each of the four years in the period ended December 31, 2004 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental expenditures and graph of expenditures for the years ended December 31, 2004, 2003, 2002 and 2001 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 2, 2006.

**SCHEDULE OF OTHER SERVICES AND CHARGES**  
**BUDGET AND ACTUAL**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Auditing services	\$ 285,000	\$ 285,000	\$ 227,275	\$ 57,725
Auto and travel	10,500	10,500	3,718	6,782
Insurance	19,450	19,450	10,229	9,221
Legal fees:				
Attorneys	31,000	31,000	27,857	3,143
Attorney Revenue Fees	(5,000)	(5,000)	(4,869)	(131)
Office machine rentals	19,110	19,110	16,007	3,103
Office rent	29,100	29,100	29,100	-
Other	10,500	10,500	2,701	7,799
Telephone	<u>10,000</u>	<u>10,000</u>	<u>10,098</u>	<u>(98)</u>
 Totals	 <u>\$ 409,660</u>	 <u>\$ 409,660</u>	 <u>\$ 322,116</u>	 <u>\$ 87,544</u>

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**PARISH SALES TAX FUND**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

Cash at beginning of year	<u>\$ 6,514,069</u>
Cash receipts:	
Sales and use taxes (net of refunds of \$182,214)	86,378,379
Hotel/motel taxes	562,489
Occupational license (net of refunds of \$ 12,286)	1,168,280
Miscellaneous:	
Interest	84,740
Other	<u>12,138</u>
Total cash receipts	<u>88,206,026</u>
Total cash available	<u>94,720,095</u>
Cash disbursements:	
Distributions to other governmental units:	
Terrebonne Parish School Board	38,495,611
Terrebonne Parish Consolidated Government	27,310,931
Terrebonne Parish Sheriff	9,238,822
Terrebonne Parish Consolidated Government - Library	4,618,598
Terrebonne Parish Consolidated Government - Levee District	4,595,465
Houma Area Convention & Visitors Bureau	519,743
Distributions to the General Fund	756,526
Miscellaneous	<u>7,270</u>
Total cash disbursements	<u>85,542,966</u>
Cash at end of year	<u><u>\$ 9,177,129</u></u>

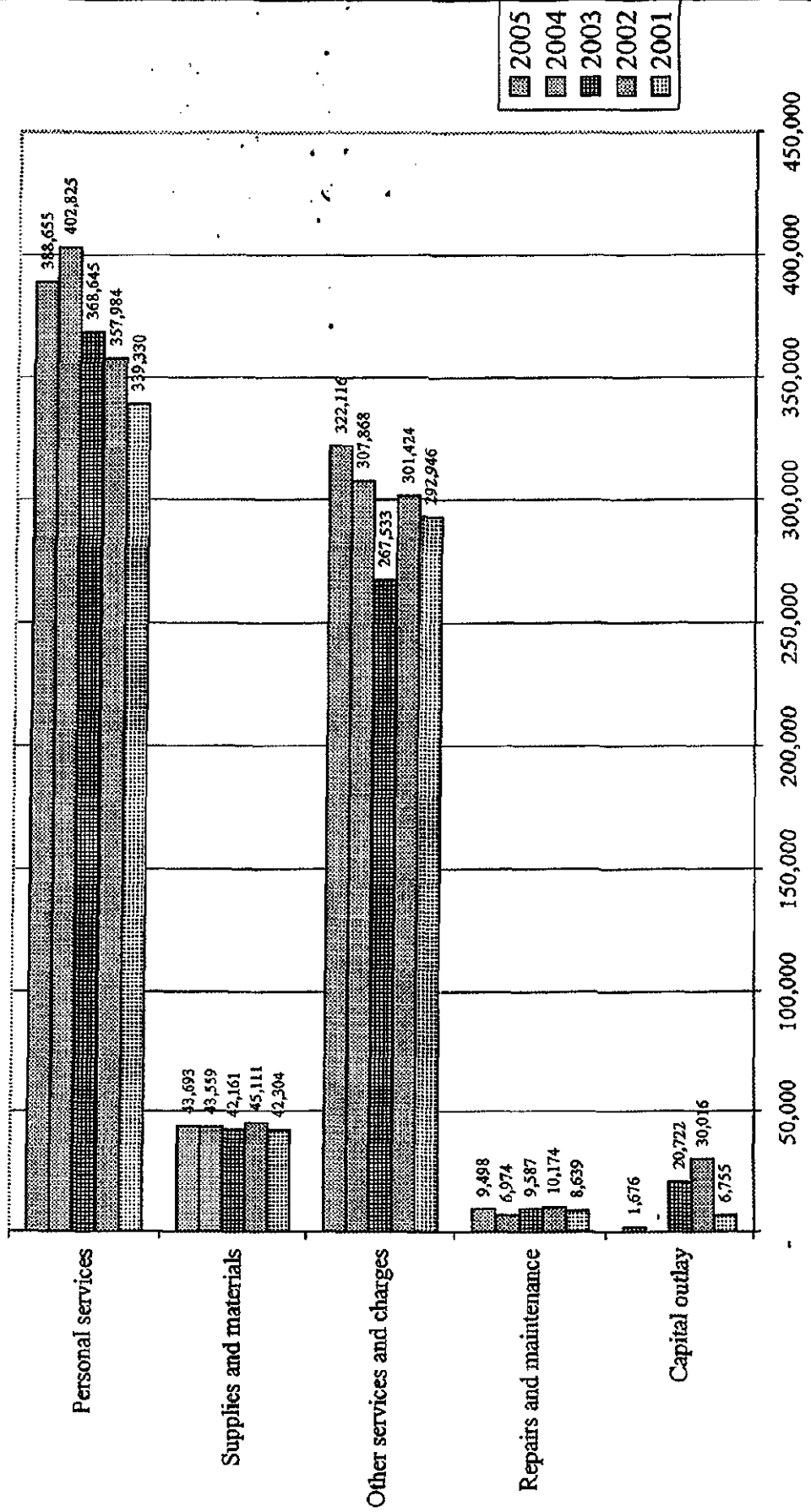
**SCHEDULE OF GOVERNMENTAL FUND EXPENDITURES****Terrebonne Parish Sales and Use Tax Department**

For the years ending December 31, 2005, 2004, 2003, 2002 and 2001

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Expenditures - General Government</b>					
Personal services:					
Salaries and wages	\$ 261,174	\$ 275,393	\$ 254,998	\$ 262,489	\$ 249,979
Payroll taxes	18,713	19,938	18,509	19,453	18,454
Employee benefits	108,768	107,494	95,138	76,042	70,897
Total personal services	<u>388,655</u>	<u>402,825</u>	<u>368,645</u>	<u>357,984</u>	<u>339,330</u>
Supplies and materials	<u>43,693</u>	<u>43,559</u>	<u>42,161</u>	<u>45,111</u>	<u>42,304</u>
Other services and charges:					
Auditing services	227,275	216,196	169,803	201,676	190,219
Auto and travel	3,718	4,517	5,574	7,351	6,588
Insurance	10,229	10,431	13,754	11,341	19,664
Legal fees:					
Attorneys	27,857	25,096	22,982	24,422	27,137
Liens	-	-	362	288	396
Attorney fee revenue	(4,869)	(1,068)	(838)	(2,084)	(7,791)
Office machine rentals	16,007	10,530	10,416	10,096	10,333
Office rent	29,100	29,100	29,100	29,100	29,100
Other	2,701	3,227	7,527	11,059	9,548
Telephone	10,098	9,839	8,853	8,175	7,752
Total other services and charges	<u>322,116</u>	<u>307,868</u>	<u>267,533</u>	<u>301,424</u>	<u>292,946</u>
Repairs and maintenance	<u>9,498</u>	<u>6,974</u>	<u>9,587</u>	<u>10,174</u>	<u>8,639</u>
Capital expenditures	<u>1,676</u>	<u>-</u>	<u>20,722</u>	<u>30,016</u>	<u>6,755</u>
Total general government	<u>\$ 765,638</u>	<u>\$ 761,226</u>	<u>\$ 708,648</u>	<u>\$ 744,709</u>	<u>\$ 689,974</u>

**GOVERNMENTAL FUND EXPENDITURES****Terrebonne Parish Sales and Use Tax Department**

For the years ended 2005, 2004, 2003, 2002, and 2001



**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Sales and Use Tax Advisory Board,  
Terrebonne Parish Sales and Use Tax Department,  
Houma, Louisiana.

We have audited the financial statements of the governmental activities, the general fund and the Statement of Fiduciary Fund of the Terrebonne Parish Sales and Use Tax Department (the Department), State of Louisiana, a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2005, and have issued our report thereon dated March 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Advisory Board, management, the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 2, 2006.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    ☐ yes        ☒ no
- Reportable condition(s) identified that are not  
  considered to be material weaknesses?                    ☐ yes        ☒ none reported

Noncompliance material to financial statements noted?   ☐ yes        ☒ no

##### **b) Federal Awards**

Terrebonne Parish Sales and Use Tax Department did not receive federal awards during the year ended December 31, 2005.

#### **Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended December 31, 2005.

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2004.  
No reportable conditions were reported during the audit for the year ended December 31, 2004.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2004.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Sales and Use Tax Department did not receive federal awards during the year ended December 31, 2004.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2004.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2005

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2005.  
No reportable conditions were reported during the audit for the year ended December 31, 2005.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2005.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Sales and Use Tax Department did not receive federal awards during the year ended December 31, 2005.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2005.